

VZCZCXRO3099
PP RUEHRG
DE RUEHBR #0603/01 0861638
ZNR UUUUU ZZH
P 271638Z MAR 06
FM AMEMBASSY BRASILIA
TO RUEHC/SECSTATE WASHDC PRIORITY 4931
INFO RUCPDO/USDOC WASHDC
RUEHLP/AMEMBASSY LA PAZ 4448
RUEHSO/AMCONSUL SAO PAULO 6629
RUEHRG/AMCONSUL RECIFE 4515
RUEHRI/AMCONSUL RIO DE JANEIRO 1761
RUEHAC/AMEMBASSY ASUNCION 5307
RUEHMN/AMEMBASSY MONTEVIDEO 6133
RUEHBU/AMEMBASSY BUENOS AIRES 3887
RUEHBJ/AMEMBASSY BEIJING 0298
RUEATRS/DEPT OF TREASURY WASHDC
RUEHRC/USDA WASHDC

UNCLAS SECTION 01 OF 02 BRASILIA 000603

SIPDIS

SENSITIVE
SIPDIS

STATE PASS TO USTR FOR MSULLIVAN/KLEZNY
NSC FOR SUE CRONIN
DEPT OF TREASURY FOR FPARODI
USDOC FOR 4332/ITA/MAC/WH/OLAC/JANDERSEN/ADRISCOLL/MWAR D
USDOC FOR 3134/USFCS/OIO/SHUPKA

E.O. 12958: N/A

TAGS: [ETRD](#) [ECPS](#) [EAGR](#) [KIPR](#) [PGOV](#) [PREL](#) [BR](#) [CH](#)

SUBJECT: BRAZILIAN VICE-PRESIDENT ALENCAR HELPS LAUNCH THE
CHINA-BRAZIL HIGH-LEVEL COMMITTEE ON CONSULTATION AND COOPERATION

REF: A) SAO PAULO 009, B) 2005 BRASILIA 2804, C) 2005 BRASILIA 2367,
D) 2005 BRASILIA 2295

11. (SBU) Summary. Brazilian Vice-President Jose Alencar's March 19-24 trip to Shanghai and Beijing generated little notice here as both the public and the press instead devoted their attention to domestic issues. While in years past the creation of the China-Brazil High-Level Committee on Consultation and Cooperation (COSBAN) by Alencar and PRC Deputy Prime Minister Wu Yi might have sparked greater curiosity among Brazilian circles, the plethora of Brazilian-Chinese summits, exchanges, and working groups since 1994 - i.e., when the two countries initiated their "strategic partnership" -- has made such news seem mundane. In addition, Alencar's lame-duck status -- he will not be President Lula's running mate in the upcoming October 2006 elections -- could have been a contributing factor in this regard. All that said, both sides appear to be committed to trying to find a way to make "South-South" cooperation mutually beneficial. If the Brazilian government were to place such emphasis on intensifying its ties to the U.S., relations between the U.S. and Brazil would certainly be much closer. End Summary.

Enhanced Dialogue

12. (SBU) From the Brazilian perspective, the highlight of Alencar's trip was the kick-off of the China-Brazil High-Level Committee on Consultation and Cooperation (COSBAN), which took six previously-existing working groups (on Political Consultations, Economic/Commercial Affairs, Science and Technology, Space Technology, Cultural Affairs, and Agriculture) and put them under a coordinating committee. The Political Consultation, Cultural Affairs, and Agriculture Committees then met; sessions of the remaining three committees are scheduled for later in the year.

Wide Array of Joint Activities

13. (U) The 17-page report of the COSBAN meeting published by the Brazilian Ministry of External Relations demonstrates the extent to which both sides are seeking to construct a comprehensive working partnership. The parties agreed to intensify bilateral cooperation in the areas of agriculture, phyto-sanitary and zoo-sanitary

standards, biotech and biosafety, energy, mining, information technology, infrastructure, and quality control and high technology, while promoting private sector joint ventures and exchanges on software and banking automation. In addition, both countries resolved to push forward on projects in such diverse areas as steel production, aluminum, gas pipeline construction, electricity generation, container scanning, petroleum and regional aviation. Specifically, in the report the parties pledge to support the establishment of direct flights between Brazil and China (Varig and AirChina already code-share, with flights stopping in Frankfurt) and to conclude as soon as possible negotiations on a bilateral customs agreement. Finally, the countries inked six bilateral pacts: three on phyto and zoo-sanitary issues and one each on cultural and educational cooperation, information technology and telecommunications, and government-to-government dialogue on financial issues.

Comment

¶4. (SBU) As reftel C ("Chinese Economic Involvement in Brazil -- Largely Trade Driven") makes clear, when looking at Brazilian-Chinese engagement it is always difficult to tell how much of the tremendous diplomatic energy devoted to this endeavor ends up generating light and how much is dissipated as heat. According to the press, Brazil and China have signed nearly 100 bilateral trade agreements, the majority of them within the past 15 years. However, projects announced with great fanfare to the press often fizzle out later when the public spotlight has turned elsewhere. For instance, the Brazilian government is currently selecting a digital TV standard and three consortia, one European, one Japanese, and one American, have been competing for several years. With a decision only weeks away, Beijing jumped into the fray during Alencar's trip when Chinese Ministry of Culture officials presented the Brazilians

BRASILIA 00000603 002 OF 002

with a proposal to develop a joint Chinese, Indian and Russian standard. Brazilian policymakers do not appear to be taking this last-minute offer seriously.

¶5. (SBU) Moreover, even in the trade area, which is the bulk of the Brazil-China relationship so far, Brazilian business is having increasing concerns about competing with low-cost Chinese textiles, shoes and toys. As Ref B notes, the Government of Brazil has had to put in place a framework for imposing safeguards to protect its vulnerable domestic industries from the flood of Chinese imports -- even as minerals exporters like CVRD grow even richer off the Chinese iron ore market.

¶6. (SBU) Nevertheless, what is remarkable is the effort that Brazil is putting into making this "South-South" relationship work. Alencar brought with him on his trip key figures from the Ministries of Agriculture, Finance, External Relations, Education, Mines and Energy, Culture, Tourism, Science and Technology, and Development, Industry, and Commerce, as well as the head of the Brazilian Space Agency and telecom regulatory officials. Alencar's trip follows a series of high-level exchanges, including an exchange of head-of-state visits between Lula and Chinese President Hu Jintao in 2004 and a trip to China by then Brazilian Vice-President Marco Maciel in 1999. Indeed, while Alencar was in China, Lula received outgoing Chinese Ambassador Jiang Yuande and declared to the press that Brazil would maintain its current policy of giving priority to developing its ties to China. If the Brazilian government were to place such emphasis on intensifying its ties to the U.S., relations between the U.S. and Brazil would certainly be much closer.

Linehan